United Nations A/C.5/56/SR.9

General Assembly
Fifty-sixth session

Official Records

Distr.: General
26 October 2001

Original: English

Fifth Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Monday, 15 October 2001, at 3 p.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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01-58038 (E)

The meeting was called to order at 3.10 p.m.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (A/56/6 and Corr.1, A/56/7 and A/56/16)

1. **The Chairman** extended congratulations, on behalf of the Fifth Committee and on his own behalf, to the United Nations and its Secretary-General on their selection as recipients of the Nobel Peace Prize.

2. **The Secretary-General**, in his capacity as Secretary-General and chief administrative officer of the United Nations, introduced the proposed programme budget for the biennium 2002-2003. The proposed programme budget totalled $2,519 million, which represented a 0.5 per cent real resource reduction in comparison to the preceding biennium. According to the usual practice, the proposed programme budget would be recosted again before it was adopted by the General Assembly.

3. The budget proposal called for small but important increases in priority areas such as international peace and security; the promotion of sustained economic growth and sustainable development; the development of Africa; the promotion of human rights; the coordination of humanitarian assistance efforts; the promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism in all its forms and manifestations. A modest increase for internal oversight had been proposed, and provision had been made for expenditure for special political missions that would be extended or approved in the next biennium. As in previous programme budgets, resources had been included for learning and training programmes to ensure that staff and managers had the skills and knowledge they needed to do their jobs. Substantial investments would continue to be made to improve the Organization's information technology infrastructure and capacity in order to make the United Nations more effective in an increasingly connected world.

4. Resources had also been allocated for activities relating to events that would be held in 2002, notably the International Conference on Financing for Development. If properly managed, that Conference, which would take place in Monterrey, Mexico, in March, could make a crucial contribution to the achievement of the Organization's millennium development targets. The budget also reflected the ongoing reform effort, including, for the first time, indicators of expected achievements, so that Member States would be better able to measure the Organization's success in delivering what it promised.

5. He appealed to the Committee to consider positively and without delay his request for resources to implement the second phase of the peacekeeping reform process when examining his proposals for the next biennium. While he welcomed the steps that had already been taken in response to the recommendations of the Panel on United Nations Peace Operations, more must be done if the Organization was to become more effective in carrying out its primary task of keeping the peace.

6. Another fundamental requirement for the effective functioning of United Nations operations was staff security, to which he attached great importance. He had presented proposals; agreement had been reached on a cost-sharing formula and he had given the Committee the additional information it had requested. He hoped that it would take a final decision on the security management system and related resources, including the appointment of a full-time Security Coordinator.

7. He also appealed to the Committee to ensure that the Organization continued to have a home worthy of it. In order to refurbish the Headquarters complex while meeting modern security standards, the urgency of which had been cruelly emphasized by the events of 11 September, the United Nations would have to rely heavily on Member States' support. The conceptual design plan and cost analysis for the capital master plan should be completed in February 2002, and he would submit a comprehensive report to the Committee in the spring. He trusted that that information would help the Committee to determine the best course of action for the creation of a safer and more efficient environment for the work of the Organization.

8. At the Millennium Summit, held in September 2000, world leaders had given the United Nations a clear agenda. The priorities they had set out were no less important now than they had been before the tragic events of 11 September.

9. Over the past five years, he had striven to make the United Nations better able to help achieve those objectives and to respond to the increasing demands placed upon it. The Organization had streamlined

management procedures, improved the structure of the Secretariat, introduced cabinet-style management and greatly improved coordination among the members of the United Nations family, particularly through the establishment of a common Development Assistance Framework at the country level. The establishment of executive committees on peace and security, development, economic and social affairs and humanitarian affairs, with human rights as a cross-cutting factor, had also helped to ensure inter-agency coordination at all levels. Continued efforts would be made to equip the Organization to operate more efficiently and effectively. Human resources management reform, modernization of procedures and processes and more efficient use of information technology would remain priorities.

10. Much had been done already, and he was committed to doing more. But it was also necessary to be realistic. In the past six years, the United Nations had had absolutely no budgetary growth. Even in dollars, its total budget was currently lower than it had been in 1994-1995. It had been able, thus far, to absorb the effects of inflation and a large number of unfunded mandates through careful management of resources and prioritization. With various reforms, efficiency measures and new technologies, it had managed, to a large extent, to do more with less. Despite its difficulties in coping with stagnant budgets and the late payment of dues, it had carried on serving the Member States and the peoples of the world.

11. The Organization *could* do more with less, but only up to a point. Sooner or later the quality of its work must suffer. Further budgetary constraints would seriously compromise its ability to deliver the services expected of it, particularly when Member States imposed new mandates without adding new resources. It was time to review carefully, in detail, the Organization's programme of work, and to ask whether all the meetings being held were really indispensable; whether some of the reports requested duplicated others; whether resources were allocated in the most productive way; and whether they could be applied more usefully to priorities in keeping with the Millennium Declaration. The Member States should ask themselves whether all the mandates entrusted to the United Nations were really important. Above all, they should ensure that resources were available for what they considered to be high-priority areas. To further facilitate the strategic redeployment of resources, he had proposed time limits or sunset provisions for new initiatives involving organizational structures or major commitments of funds. The General Assembly had not yet accepted that proposal; he urged the Committee to give it serious thought.

12. The Organization must be capable of playing the role that the world's peoples expected of it. It must become a more effective instrument for pursuing the priorities outlined by member Governments. The proposals which he had presented were designed precisely to achieve that aim. He and the entire Secretariat would continue to do their best to serve the interests of the Member States and their peoples with professionalism and efficiency. But ultimately, whether the United Nations became the strong organization that those peoples needed depended on the willingness of member Governments to give the United Nations the means to do what they expected of it.

13. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the first report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the proposed programme budget for the biennium 2002-2003 (A/56/7). The revised appropriation for the current biennium was $2,533 million. The initial estimate for 2002-2003 was $2,648 million and represented slightly less than a zero real growth budget. The nominal increase was 4.6 per cent.

14. The anticipated revision to take account of currency fluctuations, inflation, some decisions of intergovernmental bodies, peacekeeping support costs and security needs could increase the initial estimates to $2,700 million. All information on additional estimates should be provided to the Advisory Committee and the Fifth Committee as soon as possible to facilitate early budget negotiations.

15. Demands would probably be made for more budget discipline, greater efficiency, redeployment of resources from low to high priorities and elimination of marginal and obsolete activities. In recent years, the process of establishing the initial budget levels and the subsequent appropriation levels approved by the General Assembly had already been subjected to those actions. The Assembly had frozen regular budget expenditure since 1996-1997 but had not frozen the demand for more activities. The indication in resolutions and decisions that additional mandates must be funded "within existing resources" had increased the

Organization's workload without increasing its funding; the result, in some cases, had been an overload beyond the Organization's capacity to absorb, despite the redeployment of staff and other resources. The strength of the dollar combined with low inflation had provided some capacity to implement additional activities, but the quality of some services had nonetheless deteriorated. Moreover, that partial relief might not be available for much longer, given the decrease in vacancy rates and the changes in the currency situation. Resources released from the discontinuation of some outputs and from efficiency gains had been redirected to priority programmes of work, and thus were not available for transfer to the Development Account.

16. The Advisory Committee's report pointed to many areas with great potential for more productivity and efficiency gains. Since up to 80 per cent of regular-budget expenditure was for staff costs, including the cost of temporary assistance, experts and consultants, the monitoring of such costs was critical for the management of regular-budget expenditure. The Advisory Committee had made some observations on the improvement of human resources management. Furthermore, the implementation of the human resources management reform proposals approved by the General Assembly could lead to more efficiency gains.

17. However, in a context of static budget growth, there was a limit to the enhancement of efficiency and productivity without additional investment coupled with policy decisions to address increasing demands for more programmes and activities. Investment in new technology, for example, could produce tangible increases in productivity. The Secretariat had prepared a report on technology strategy which, though it identified the problem, did not put forward a credible integrated strategic plan of action indicating the benefits and the resources to be invested. It was no longer possible to do more with less; as the Secretary-General had indicated, such a course was becoming increasingly untenable (A/56/7, para. 141).

18. The General Assembly's political decision on the level of the regular budget was often arbitrary and sometimes appeared to be motivated by budgetary and economic trends in national Governments or by what Member States contributed to other United Nations operations or entities. It must be borne in mind that the relatively small regular budget financed the Organization's indispensable core capacity to fulfil its mandates, including support of mandates funded from peacekeeping budgets and voluntary contributions. In the absence of a policy decision by the General Assembly, the Advisory Committee had not taken part in the political debate on whether zero or zero-nominal growth should be the benchmark for setting the level of the regular budget. It had continued its recent practice of not recommending an overall change in the initial estimates proposed by the Secretary-General.

19. For the first time, results-based budgeting techniques had been used to prepare the budget proposals; that presentation needed further refinement. Member States and the Secretariat must cooperate fully to make progress; training was indispensable to ensure that expertise was not confined to a few Secretariat officials. Progress in refining the medium-term plan would affect the quality of the budget document. The principles and guidelines on results-based budgeting techniques put forward by the Secretary-General, the Advisory Committee and the General Assembly could not be applied fully until further progress was made, particularly in defining results more clearly in relation to proposed resources. The accountability of programme managers would be enhanced when Member States adopted clear and verifiable objectives. The Advisory Committee would not recommend increased flexibility in the use of appropriations unless it received evidence that the current flexibility was inadequate.

20. The structure of the budget document was based on financial and programme planning regulations and rules and could be changed only after results-based budgeting techniques had been further refined. The Advisory Committee had therefore not recommended a change in the structure of the budget document or in current methods of taking decisions on posts and non-post resources for the regular budget. Beginning in 2004-2005, it might be necessary to review the structure of the budget sections in the light of lessons learned from the first use of results-based budgeting techniques.

21. To save time and resources, the Advisory Committee had included in its first report comments and recommendations on several reports of the Secretariat and the Joint Inspection Unit. However, it would report orally on the Secretariat's report on the payment of honorariums to members of organs and subsidiary organs of the United Nations (A/56/311).

The Advisory Committee had discussed the subject previously (A/54/7, paras. 116-121) and had recommended that any decision to grant the proposed increase in such payments should take effect on 1 January 2000. The authority to pay honorariums and the determination of criteria for paying them rested solely with the General Assembly. However, the Assembly had not taken action in that regard. It was therefore requested to decide whether to grant a 25 per cent increase in the honorariums payable to six entitled entities; whether to extend payment, at the same level, to three other entities currently not entitled to honorariums; and when the increase should take effect. If the decision was applied retroactively to 1 January 2000, the financial implications would total $1,088,000 for 2000-2001 and 2002-2003; if it was applied prospectively, the financial implications would be $544,000 for the period from 1 January 2002 to 31 December 2003 under sections 6, 7A, 15 and 22 of the proposed programme budget for 2002-2003.

22. Thus far, the Fifth Committee had not taken any decisions on the Advisory Committee's practice of presenting oral reports. He drew attention to the statement he had made in that regard during the fifty-third session of the General Assembly (A/C.5/53/SR.42, paras. 43-45).

23. **Ms. Brennen-Haylock** (Chairperson of the Committee for Programme and Coordination), introducing the report of the Committee for Programme and Coordination (CPC) on the work of its forty-first session (A/56/16), said that the Committee had considered all the items on its agenda in depth, but had focused on the examination of the 31 sections of the proposed programme budget for 2002-2003 that came within its mandate. It had approved all those sections, some with modifications. However, it had been unable to complete its consideration of section 22, Human rights, because the latter did not conform to the medium-term plan.

24. The broad mandate of CPC was to review, analyse and pronounce on the programmatic content of the proposed programme budget. In particular, its task was to determine whether the Secretary-General had correctly translated the legislative mandates given by the Member States into programmes and activities. In general, the programme narratives considered had met with the Committee's approval. While the Committee had not given an opinion on the overall level of resources proposed for the next biennium, since the review of funding levels was primarily the responsibility of the Advisory Committee, it had discussed the increasing reliance on extrabudgetary resources to fund some of the Organization's activities. In that connection, it had recommended that the General Assembly should consider the issue, taking into account its impact on the implementation of mandated activities and the need to provide adequate funding for all such activities (A/56/16, para. 46).

25. The proposed programme budget reflected the priorities set out in the medium-term plan for the period 2002-2005. The Committee had noted that the distribution of resources among budget sections should comply fully with those priorities, and had recommended that the General Assembly should give due consideration to that matter. The proposed programme budget for the biennium 2002-2003 was the first that had been prepared using the results-based format. The new format, which was intended to reflect an approach that was more qualitative than quantitative, set forth the objectives around which each programme had been designed, as well as expected accomplishments, indicators of achievement and external factors that could affect the level of success in meeting those expectations. In general, the Committee had welcomed the new format, but various delegations had wondered whether the language of the expected accomplishments and indicators of achievement was precise enough to allow for proper measurement of programme delivery. The indicators should be more specific, measurable, achievable, realistic and time-bound. However, the Committee expected that the format would be further refined over time. Some of the proposed changes in programme narratives had been intended to introduce greater precision in the language. Under section 8, Legal affairs, the Committee had requested that the expected accomplishments and indicators of achievement should be rewritten to conform to the language of the medium-term plan.

26. The proposed programme budget reflected the importance of mainstreaming a gender perspective in all United Nations activities as an integral part of the Organization's policies and programmes. The Committee had welcomed that strong gender component.

27. Lastly, in the light of the legal opinion issued on the use of the terms "takes note of" and "notes" (A/C.5/55/42), the Committee had considered that those terms, as used in its report, were neutral and

constituted neither approval nor disapproval. It looked forward to receiving further guidance in that regard from the General Assembly at the current session.

28. **Mr. de Ruyt** (Belgium), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey and, in addition, Iceland, congratulated the United Nations and its Secretary-General on their selection as recipients of the Nobel Peace Prize, which highlighted the need to ensure that they could continue to meet the international community's expectations.

29. The Organization's financing in the coming biennium should reflect the general directions which the Member States had decided its activities should take in line with the Millennium Declaration. The ambitious agenda set forth in the Declaration could not be implemented without highly qualified, productive staff working in an efficient, well-coordinated Organization capable of providing quality services at the lowest cost and dispensing with obsolete or redundant activities. The Organization's financial situation must be improved and its budget must be based on established priorities. The goal of providing the resources needed for that purpose was inseparable from efforts to seek additional savings, to redeploy existing resources and to pursue budgetary discipline, efficiency and the general principle of value for money. The programme budget should therefore provide for periodic reviews or evaluations of the accomplishments of projects and activities.

30. The European Union would take that approach in examining each programme on its merits, including programmes in priority areas such as human rights, humanitarian affairs, the environment, sustainable development and efforts to combat terrorism, drugs and crime. Two issues of particular importance to the European Union were the financing of the comprehensive review of the whole question of peacekeeping operations and measures to strengthen the safety and security of United Nations and associated personnel. The European Union's aim was to include in the regular budget all programmes that represented core activities of the Organization under its Charter. While it would act in accordance with the spirit and the letter of General Assembly resolution 41/213 on the adoption of the budget by consensus, it would stress the importance of controlling expenditure and identifying savings.

31. The report of the Advisory Committee (A/56/7) set forth some excellent principles concerning reclassifications, publications, information technology, the cumbersome structure of some secretariats and the ratio between General Service and Professional staff. The Fifth Committee should apply those principles consistently to all the budget sections. Also of interest were the conclusions and recommendations of the Committee for Programme and Coordination (A/56/16, paras. 35-50), particularly on reviews of the relevance and effectiveness of outputs and the application of best practices regarding support services among United Nations duty stations.

32. The proposed programme budget had been submitted on time and was clear and readable. The results-based budgeting format used in its preparation must be consolidated. The Secretary-General's interim report on the collection of performance data for the indicators of achievement would be essential for refining, quantifying and evaluating those indicators, which must measure the results achieved by the Secretariat and not those achieved by Member States. The refinement of results-based budgeting techniques should be completed in time for the submission of the next programme budget in 2003.

33. The proposed programme budget gave no figures for efficiency gains, which must be identified during the current session. Resources had been kept under control in recent years, although constraints had been partially offset by favourable financial circumstances. The European Union hoped that continued efforts would be made in that regard. Clarifications were needed on workload indicators, productivity standards and temporary assistance. The European Union would pay close attention to the possible duplication of activities within the United Nations system and would carefully consider the justifications provided for all posts and expenditures. It was pleased to note the Organization's efforts to promote gender mainstreaming in its programmes.

34. The European Union would discuss its serious concerns about information technology at the current session. More emphasis should be placed on the development of conference-servicing technologies to improve such services and reduce the workload of the relevant staff. The European Union had reservations about reclassifications, which must not be used as a tool for promotion. It recalled the Advisory Committee's warnings about the top-heavy structure of

the Organization and the need to rejuvenate the Secretariat. A comprehensive review of those issues should be included in the programme budget for the biennium 2002-2003. The European Union supported the recommendations of the Advisory Committee and the Joint Inspection Unit on the cost-effectiveness of publications. Those expenditures would be reviewed in the light of the report to be submitted by the Secretary-General pursuant to General Assembly resolution 54/259.

35. **Mr. Asadi** (Islamic Republic of Iran), speaking on behalf of the Group of 77 and China, congratulated the Secretary-General and the Organization on being awarded the Nobel Peace Prize. He commended the timely submission of the proposed programme budget and underscored the need for other documents relating to programme budget implications to be submitted on time during the current session. While the new format for the introduction of the budget was clearer, it was important to ensure that complete information on proposals for additional posts and reclassifications was reflected. Staffing information should continue to be presented in the traditional manner in order to maintain transparency.

36. Member States must bear the expenses of the Organization and honour their legal obligations in full, on time and without conditions, so as to demonstrate their political commitment and enable the Secretary-General to carry out the Organization's mandated programmes and activities effectively. At the same time, sympathetic consideration should continue to be given to those Member States which were temporarily experiencing genuine economic difficulties. In the presentation of the proposed programme budget and the consideration and implementation of the results-based budgeting procedure, it was important to adhere to all the provisions of General Assembly resolution 55/231 and other relevant resolutions. Results-based budgeting was not an end in itself, and should be implemented gradually, with due consideration for the intergovernmental, multilateral and international character of the United Nations. Indicators of achievement should be used where appropriate to measure the performance of the Secretariat, and not that of Member States.

37. The medium-term plan was the main policy-setting tool, and as such should serve as the basis for the elaboration of the proposed programme budget. Some of the sections of the proposed budget were not consistent with the medium-term plan for the period 2002-2005, in particular with regard to expected accomplishments and indicators of achievement.

38. The resources approved by the General Assembly must be commensurate with all mandated programmes and activities. There must not be any arbitrary decision to decrease resources or to impose an artificial ceiling which could have an adverse impact on programme delivery. The budget proposal must be reviewed in the light of the approved budget outline, taking into account all the mandates for the biennium 2002-2003.

39. The budget process adopted by the General Assembly was still valid, and it must be applied fully. The proposed programme budget should continue to be considered in fascicle form, and should be made available as a single document only after its final approval by the General Assembly. It was for the Fifth Committee to consider all administrative, financial and budgetary questions. The other Main Committees should therefore refrain from the use of the phrase "within existing resources" in their decisions and resolutions, and the phrase should not appear in the proposed programme budget. The Group welcomed the inclusion in the budget, in accordance with General Assembly resolutions, of expenditures for special political missions. Current provisions for the treatment of exchange rates and inflation should be maintained, as should the level of the contingency fund.

40. There was an alarming trend in the use of extrabudgetary funds for activities that should be financed under the regular budget. Such funds were often tied resources used to implement donor-driven policies. Mandates approved by the Member States should be financed collectively, in accordance with Article 17 of the Charter.

41. The proposed programme budget indicated a number of reclassifications and new posts at senior levels, which could further distort the staffing structure in an Organization that was already top-heavy. Any reclassification must be justified clearly and transparently by a well-documented change in the nature or scope of the work; it should not be motivated by the need to enhance career prospects or make recruitment more attractive. Resource allocation should better reflect the priorities established in the medium-term plan; there should be greater concentration on economic and social development.

42. Vacancy rates, which were strictly a management tool, should not be used as an instrument to achieve savings or decrease budget levels. The Group of 77 and China concurred with the Secretary-General's proposal that such rates should not exceed 5 per cent for Professional posts and 2 per cent for General Service posts. The recruitment process must be accelerated. Consultants should be used only when in-house expertise was not available, and consultants and contractors should only be engaged in accordance with section VIII of resolution 53/221. The hiring of such personnel must be done on as wide a geographical basis as possible, and proposals for consultants and expert groups should be clearly and separately identified in programme narratives.

43. Because the report of the Secretary-General on information technology had been prepared after the submission of the proposed programme budget, a separate report on related resource requirements had subsequently had to be issued. The lack of information on short- and long-term requirements and time frames for implementation was a weakness of the report. Investments in information technologies should result in tangible increases in efficiency and productivity. The delegation of authority should involve a system of responsibility and accountability, and must comply with the requirements of the relevant General Assembly resolutions.

44. Lastly, the Group of 77 and China expected the negotiations on the proposed programme budget to be conducted in an open and transparent manner. Moreover, it believed that all provisions of General Assembly resolution 41/213 and its annexes remained valid, and should be respected in full during the negotiations.

45. **Mr. Heinbecker** (Canada), speaking also on behalf of Australia and New Zealand, welcomed the emphasis placed by the Secretary-General on bringing a strategic focus to budget negotiations, a point that the three delegations had stressed during discussions on the previous biennial budget. They would, however, have welcomed proposals from the Secretariat on ways to redeploy resources to higher priority tasks. Because of the political difficulties involved, it would be advisable for the Secretariat to put forward such proposals, thereby shifting the burden of persuasion onto the Organization's membership. He welcomed the progress made in applying a results-based budgeting format, and endorsed the observations of the Advisory Committee and CPC concerning possible improvements. The full realization of the new format's potential was, however, still some way off.

46. The Secretariat should consider ways to standardize expected accomplishments and performance indicators where possible, for example in areas such as advocacy, substantive meeting support and technical cooperation. It might draw on the experience of other bodies, such as the International Labour Organization, which had more precise indicators and targets.

47. In 1995, the Advisory Committee had called for the budget base to be critically scrutinized to ensure that it contained only those resources required to meet continuing needs. The latest review by the Advisory Committee had been thorough with respect to additions, but it could have more directly addressed the base resources. In addition, programme priorities were not reflected in the allocation of funding. The resource growth for General Assembly Affairs and Conference Services outstripped the increases for the Department of Economic and Social Affairs, the New Agenda for Africa, the United Nations Conference on Trade and Development, the United Nations Environment Programme, Human Settlements, crime prevention and drug control programmes and all five regional commissions combined. The Secretariat's approach to improving efficiency and productivity was a matter of concern. Admittedly, it was becoming increasingly untenable to do more with less, but the budget document and the related reports made little mention of efficiency savings that could still be possible.

48. Three years earlier, the Secretariat had reportedly been pursuing efficiencies in six key areas. Since then, the policy concerning efficiency had apparently been significantly eased, if not reversed. The $150 million proposed for the Translation and Editorial Division covered nearly the same number of Professional posts and the same output as 20 years earlier, despite substantial technological improvements. Productivity in the Translation Services appeared to be 25 per cent less than the minimum standards in certain Member States, including his own. Some 1,700 dictaphones were still being maintained in an Organization that ostensibly aspired to use more modern techniques. The Organization could do without certain public information activities, such as the *United Nations Chronicle*, while others, such as the effort to publicize

the response of the United Nations to the attacks of 11 September, had been inadequate.

49. In order to increase efficiency, there should be greater recourse to practices such as comparative benchmarking and cost recovery for services provided between departments. Work process improvements in the Information Technology Services Division, Conference Services and the Department of Management would yield significant additional gains in efficiency. The temptation to hold meetings late into the night and on weekends must be resisted, as such practices were wasteful.

50. He expressed concern that CPC had again been unable to agree on the Human Rights section of the budget and that it had proposed so many changes to the budget narrative. He was also disappointed that several key requests had not been incorporated into the budget document, in particular one which called for a comprehensive review of the post structure of the Secretariat; another called for staff assessment to be presented in a more accurate manner. Since all States but one were assessed on the net budget while the budget itself was presented in terms of gross requirements, the budget was misleading and overstated the resources required.

51. Stability in the budget level provided useful and necessary discipline. No convincing case had been made for a major increase. More could be done to improve the efficiency of the Organization. He fully supported the Secretary-General's efforts to ensure that the priorities of the Organization were funded from the regular budget. The three delegations he represented, which paid their contributions in full, on time and without conditions, were among the strongest supporters of the United Nations and believed that the Members had a responsibility to ensure that contributions were used in the most effective manner.

52. **Mr. Negroponte** (United States of America), after congratulating the Secretary-General and the Organization on receiving the Nobel Peace Prize, said that results-based budgeting was an important milepost in the effort to make the United Nations more accountable for outcomes and results rather than for inputs and outputs. Results-based budgeting gave Member States the opportunity to outline clearly and unequivocally the top priorities for the Organization. The Committee must ensure that the proposed budget reflected the weight given to essential programmes and activities in the medium-term plan and that it was based on effective programme planning, results-based budgeting, monitoring and evaluation.

53. Decisions on the budget level must reflect discipline and seek the greatest possible value for money; it was necessary to identify efficiencies by using newer technologies and simplified procedures. New resource demands must be carefully scrutinized and weighed against continuing priority commitments. Resources from areas of lesser importance, including those corresponding to activities dating from earlier periods, must be eliminated or reduced, or redeployed to support higher priority activities. Such mandates must have clear-cut objectives and strategies, with specific, measurable, realistic and time-bound determinations of achievement.

54. The budget was basically consistent with the priorities for the medium-term plan for the period 2002-2005, with international and regional development activities remaining the largest item. Improvements in peacekeeping management and the security of United Nations staff deserved the highest consideration. His delegation strongly supported the results-based budgeting format, which included indicators of achievement, external factors, objectives and expected accomplishments and which provided a link between the medium-term plan and resource requests. The introduction of sunset provisions for activities would help to ensure the relevance and effectiveness of mandates.

55. The proposal for additional or upgraded posts, particularly at senior levels, was not justified; such additional posts would make the Organization even more top-heavy at a time when it needed to have a more flexible, less hierarchical structure. He wondered why a budget which purported to rejuvenate the Secretariat at the junior level would propose that the Organization should increase the number of P-1 and P-2 posts by 3 per cent and the number of D-2 posts by 6 per cent.

56. The results-based budgeting format established a basis for improved evaluations, including self-evaluations. However, the United Nations Evaluation Manual, published in 1986, had lost much of its relevance and usefulness, and should be updated as a matter of priority.

57. The Organization must take full advantage of modern information technology in order to increase its

productivity. The current strategy set no timetables for achieving goals, provided no cost estimates and gave no indication of expected economies. In addition, it had been drawn up after the information technology budget had been prepared.

58. The Department of Public Information managed a far-flung array of library, publications, media and Information Centre activities. Its structure and approach did not take full advantage of technological gains or modern management techniques. The Department's budget must be reconciled with an increasing tendency to allocate resources to public information activities in other budget sections. It was reported that oversight of the Secretariat's publishing activities was to be strengthened in view of the convergence of print and electronic publishing. However, according to the Advisory Committee, there was little evidence that the publications programme had been subjected to rigorous examination, despite numerous requests for such scrutiny. Measures in that sense were long overdue.

59. The current budget included some 27,000 outputs, but the Secretariat had proposed just 26 recurrent outputs for elimination. The requirement to identify obsolete and irrelevant programmes and activities had been seriously underemphasized.

60. About 20 per cent of the proposed resources were earmarked for Conference Services, which, as one of the largest budget items, represented the greatest opportunity to pursue innovation and productivity improvements. The Committee would require information from the Secretariat on how to increase the efficiency of translation, interpretation and publishing services before it considered that item.

61. While fully committed to providing the resources necessary to carry out priority mandates, his delegation felt that a modernized and effective Organization must deliver full value for the money that was put into it.

62. **Mr. Baali** (Algeria) said that the main objective of the proposed programme budget was to ensure that the content and scope of its programmes were consistent with the priorities established by the General Assembly and with the medium-term plan for the period 2002-2005. The programme budget was in fact a legal and political instrument by which Member States determined the level of resources that would be needed over a two-year period to carry out agreed mandates.

63. Given the recent constraints on the implementation of the programmes and activities mandated by the General Assembly, dialogue and consultations were now more than ever necessary to bridge the differences between Member States and to involve the Secretariat in the effort to find solutions to the problems that would inevitably arise during consideration of the programme budget proposals. In that regard, he wished to stress the need to respect the budget process laid down in General Assembly resolution 41/213 and to ensure that the role of Member States in reviewing the allocation of resources under all sections was strictly observed. That meant that Member States should make their contributions with complete transparency and be fully involved in the budget process, in conformity with the rules, regulations and procedures of the United Nations.

64. In that connection, the practice of a small group of delegations resorting to negotiations outside the assigned meeting room, as had happened in December 1999, was inappropriate, since it violated the important principle of transparency. If, however, such recourse became necessary owing to exceptional circumstances, then the agreement of all delegations must first be obtained.

65. With regard to the new results-based budgeting format, his delegation agreed with CPC and ACABQ that many of the expected accomplishments and indicators of achievement were too vague and differed in certain sections of the proposed programme budget from those contained in the medium-term plan. While such shortcomings were to be expected in the early stages of the use of the new format, the new method should be gradually improved so that it could become an effective tool for the management and evaluation of programmes and for holding programme managers accountable.

66. Strict budget practices and control of expenditures were needed because of the difficult financial situation facing the Organization, particularly since the achievement of those objectives would not affect the implementation of mandated activities and programmes. To that end, budgetary resources must be efficiently allocated, all the more so as the proposed allocations were unchanged in real terms in relation to the previous biennium. Foremost among the measures needed was an end to the excessive use of consultants and other groups of experts, who received substantial remuneration even though their skills could also be

found within the Organization. His delegation regretted the absence of a system for accurate data collection, analysis and reporting on consultants and contractors and supported the recommendations in the report of the Joint Inspection Unit (JIU) on the use of consultants in the United Nations (A/55/59), especially those recommendations that were also supported by CPC and ACABQ. He wished to mention in particular the recommendations of JIU that the development of the skills inventory of the staff should be expedited and the consolidated database made available to programme managers and that alternative means of communication, including teleconferencing, email and facsimiles, should be used whenever possible to reduce the need of consultants to travel.

67. The situation created by the large number of requests for the reclassification or creation of posts, particularly at the higher levels, also needed to be addressed. The reclassification or creation of posts at the D-2 or Assistant Secretary-General levels was generally difficult to justify and risked distorting the staffing pyramid and blocking mobility in the upper echelons of the hierarchy. Most reclassifications were a disguised way of facilitating the recruitment of a candidate or of promoting an incumbent; that did not constitute sound management practice. His delegation would be unable to accept any reclassification of a post, however justified it might be, in the absence of a clear mechanism for filling the reclassified post. He welcomed the reduction in the vacancy rate and hoped that the trend would continue, especially since the high vacancy rates maintained in recent years had led to a decline in the quality of service provided by the Organization, including language and documentation services.

68. His delegation was deeply concerned at the growing trend towards reserving senior-level posts in the Organization and its funds and programmes for nationals from certain developed countries. Quite apart from its unfairness, such a practice could adversely affect the cohesion and balance of interests in the Organization. The composition of the Secretariat should reflect the universal character of the Organization, which could be preserved only by respecting the principle of equitable geographical representation. He recalled that, in resolution 55/258, the General Assembly had requested the Secretary-General to ensure that, as a general rule, no national of a Member State succeeded a national of that State in a senior post and that there was no monopoly on senior posts by nationals of any State or group of States. The recommendations in the report of the Joint Inspection Unit on senior-level appointments in the United Nations and its programmes and funds (A/55/423) should also be implemented.

69. Of particular concern was the situation in the Department of Peacekeeping Operations, where recruitment, assignments and promotions were not carried out with full transparency. He pointed out that, as indicated in resolution 53/221, section II, and reaffirmed in resolution 55/258, the role of the Office of Human Resources Management was to be the central authority for the monitoring and approval of the recruitment and placement of staff and for the interpretation of the regulations and rules of the Organization and their enforcement.

70. His delegation noted that the narratives of several budget sections, including section 22 (Human rights) and section 8 (Legal affairs), did not respect the guidelines laid down in the medium-term plan for the period 2002-2005. The expected accomplishments and indicators of achievement listed in the budget sections should be brought into line with the medium-term plan. His delegation supported the other priorities set out in the budget proposals, including the maintenance of international peace and security, sustained economic growth and sustainable development, human rights, crime prevention and combating terrorism.

71. On the subject of terrorism, it was strange that, given the tragic events that had taken place the previous month in New York and Washington, the budget proposals did not reflect the seriousness with which the Organization should be dealing with a phenomenon that represented a grave threat to international peace and security. The time had come to consider either the creation of a structure within the Secretariat with responsibility for coordinating the different aspects of the fight against terrorism, or the strengthening of the Centre for International Crime Prevention in Vienna by adopting such measures as changing the name of the Centre to include the fight against international terrorism, providing it with adequate financial and human resources, and expanding its mandate to include the prevention of terrorism.

72. His delegation was concerned about the Organization's heavy dependence on extrabudgetary

resources for the financing of certain essential activities, including human rights, the environment and human settlements. Excessive recourse to that source of financing was not a prudent budgetary practice and ran counter to the principles of universality and shared responsibility for the financing of the Organization's activities.

73. Lastly, given the magnitude of the needs and expectations of a continent that was home to two thirds of the least developed countries, the increase in resources under the budget sections related to Africa was quite modest. Even though the Organization's resources were limited, it was still possible, given the necessary political will, to make additional resources available for funding programmes for the benefit of Africa.

74. **Mr. Chaudhry** (Pakistan) said that his delegation aligned itself with the statement made by the representative of the Islamic Republic of Iran on behalf of the Group of 77 and China.

75. His delegation welcomed the presentation of the budget in a results-based format, which shifted the emphasis from a focus on inputs to results achieved, and supported the measures that sought to enhance efficiency in the implementation of United Nations programmes. However, in employing the results-based budgeting tools, it was necessary to bear in mind the international and multinational character of the United Nations and the link between inputs and outputs, and to recognize the difficulties of achieving complex political objectives and mandates within a specific time frame. He hoped that the guidelines specified in resolution 55/235 would be fully kept in mind in implementing results-based budgeting and endorsed the observations of the Advisory Committee concerning the need to refine the various terms, particularly expected accomplishments and indicators of achievement.

76. The medium-term plan, as the principal policy directive of the United Nations, should constitute the primary guidance in the preparation and approval of the budget. During the meetings of the Committee on Programme and Coordination earlier in the year, his delegation had noticed a number of inconsistencies between the budget proposals and the medium-term plan and urged the necessity of making corrections in that respect. While agreeing that the budget was a management tool that should enhance responsibility and accountability, he cautioned against its use as an instrument for cutting resources for approved programmes.

77. There was a growing reliance on extrabudgetary resources which his delegation did not consider to be a prudent budgetary practice, in particular because it violated the principle of collective and shared responsibility for financing the approved mandates. In accordance with Article 17 of the Charter, the expenses of the Organization should be borne by the Member States as apportioned by the General Assembly. Strict compliance with that legal obligation would ensure the continuous and predictable availability of resources.

78. His delegation also attached great importance to the established budgetary process as outlined in General Assembly resolution 41/213 and in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. It was his delegation's understanding that the results-based budgeting format was essentially intended to build upon and improve existing programme planning, budgeting, monitoring and evaluation procedures.

79. His delegation also shared the concern that had been expressed with regard to the reclassification of posts at the senior level, which would result in a top-heavy staffing structure.

80. In conclusion, his delegation endorsed the appeal by the Group of 77 and China that negotiations on the proposed programme budget for the biennium should be conducted in an open and transparent manner and in a spirit of understanding and cooperation.

81. **Mr. Shen** Guofang (China) said that his delegation fully concurred with the statement made by the representative of Iran on behalf of the Group of 77 and China, but wished to make a number of additional comments.

82. With regard to the new format of the proposed programme budget, his delegation supported any budgeting format that would enhance the Organization's efficiency. Results-based budgeting, however, was a new and complex system and neither the Secretariat nor Member States were as yet familiar with its terms and concepts. A gradual approach to its implementation was therefore needed. Certain areas of activity, moreover, should be measured by uniform

standards and programme managers should not be required to come up with expected accomplishments or indicators of achievement for activities that were difficult to measure and forecast. Whatever its format, the budget proposals could not exceed the medium-term plan for the period 2002-2005. While the objectives and expected accomplishments contained in the proposed programme budget were generally in conformity with the medium-term plan, the narratives were sometimes vague and departed from it. His delegation would explain those concerns during the informal consultations.

83. With regard to the level of resources proposed, his delegation was of the view that the budget proposals should always seek to ensure that adequate resources were available for mandated programmes and activities. The ongoing reforms and economy measures being undertaken by the Organization should therefore not be at the expense of the full implementation of mandated programmes and activities. Controversy still persisted over the general level of the proposed programme budget for the biennium 2002-2003 and his delegation called upon all States concerned to adopt a pragmatic and realistic approach to the matter.

84. On the subject of the allocation of resources, preparation of the United Nations programme budget required the setting of priorities. Allocation of resources should be reasonable, balanced and based on those priorities. However, both priority-setting and resource allocation must be in conformity with the interests and requirements of the Organization's Members as a whole and be decided by them on the basis of full consultations. His delegation noted with concern that, under the Secretary-General's proposals, some questions of vital interest to the developing countries, such as the environment, crime prevention, the development of Africa, economic development and regional economic cooperation, had not been given increased or even adequate resources. While balance was needed between the level of resources allocated to peacekeeping and development, respectively, more effective measures should be taken to ensure that priority programmes related to the economic development of developing countries received the necessary attention and assured funding.

85. **Mr. Shobokshi** (Saudi Arabia) said that his delegation supported the statement made on behalf of the Group of 77 and China concerning the proposed programme budget for the biennium 2002-2003 and endorsed the related report of ACABQ (A/56/7).

86. He called on all States to pay their contributions to the programme budget of the United Nations and to the peacekeeping budgets in accordance with the agreed scale of assessments in full, on time and without conditions, in accordance with the Charter and the Financial Regulations and Rules, bearing in mind that the major part of the financial burden of the scale of assessments to the regular budget and to peacekeeping budgets was borne by developing countries.

87. He emphasized that the implementation of the medium-term plan was not the exclusive responsibility of the Member States, either individually or in the intergovernmental framework, or of the Secretariat; it was a collective responsibility and the objectives could only be attained if the Member States worked in harmony with the Secretariat.

88. His delegation supported the Department of Peacekeeping Operations in its task of implementing the resolutions of the General Assembly on the basis of the recommendations of the Panel on United Nations peacekeeping operations (A/55/305-S/2000/809) and also welcomed any new suggestions from the Secretary-General concerning ways of achieving greater harmony within the Secretariat, and within the United Nations as a whole, in the areas of armed conflict and in connection with the issue of peace.

89. His delegation also welcomed the results-based format of the budget and the use of performance indicators in accordance with General Assembly resolution 55/231.

90. His delegation supported the efforts of the Secretariat to implement training programmes to develop basic, organizational and management skills, and technical skills among the staff in the area of information technology, which was a vital tool of decision-making.

91. He expressed support for arrangements for internal and external oversight, the Board of Auditors and the Joint Inspection Unit, and called for continuation of the internal oversight system and for efforts to enhance its capacity in order to safeguard the funds of Member States.

92. The improvement of human resources management was a priority which could not be achieved unless clear job descriptions were set for

programme managers and unless an effective system of accountability was established before programme managers received their mandate. The Office of Human Resources Management must make further efforts to give priority in recruitment to unrepresented and underrepresented Member States; the principle of equitable geographical distribution should be the basic criterion in the appointment of staff, and nationals of developing countries should receive their full quota of posts at the higher levels. His own country hoped that its nationals would shortly be appointed to a larger number of posts commensurate with its contribution to the programme budget of the United Nations.

93. **Mr. Satoh** (Japan) said that regular budget resources should be allocated in such a way as to strengthen the capacity of the Organization to discharge the responsibilities placed upon it in the United Nations Millennium Declaration. To that end, priority should be given to such areas as development in the developing countries, particularly in Africa, humanitarian issues, including refugees and internally displaced persons, and the safety and security of United Nations personnel.

94. The new methodology for calculating scales of assessment, the introduction of the results-based budgeting format and the progress made towards reforming human resources management had all brightened the prospects for improvement of the Organization's financial situation. The new budgeting format would enable programme managers to implement their mandates more effectively and enhance transparency and accountability. The Organization should nevertheless continue its efforts to further enhance the efficiency of the budgetary process in order to ensure the continued support of Member States and their taxpayers for its activities.

95. While reserving its comments on specific budget items for later in the debate, his delegation wished to make three points at the current stage. First, discussion of the budget should include the resource requirement proposals related to the comprehensive review of peacekeeping operations and the safety of United Nations personnel. Second, proposals for the creation of a large number of senior-level posts were not justifiable; they would reduce efficiency and run counter to the policy of rejuvenating the Secretariat. Third, the staffing costs for a number of posts in the Office of the United Nations High Commissioner for Refugees and the Office of the United Nations Security Coordinator, which in their respective budget sections appeared to have been reduced, were included under different items so that the size of the staff of the entire Secretariat was actually increased. Such a way of presenting a budget proposal impaired the ability of the General Assembly to monitor organizational and operational matters relating to United Nations offices and institutions and reduced the transparency of human resources management. It was essential to discuss the need for increased human resources in a transparent manner.

96. The subject of the equitable geographical distribution of posts in the Secretariat continued to be a matter of great concern to Japan, which was currently at about one third of the mid-point of its desirable range. Japan's underrepresentation was vastly disproportionate to its financial contributions to the United Nations and was arousing growing concern in his country. While his delegation acknowledged the efforts that had been made to improve the situation, a conspicuous improvement had yet to be noted. He hoped that his colleagues would understand the critical importance of increasing the number of Japanese staff members working for the United Nations in order to obtain political support for the Organization in Japan.

97. **Mr. Cheong** Ming Foong (Singapore) said that in recent years, the United Nations had been addressing the question of whether sufficient resources had been committed to enable it to undertake its ever-growing range of activities. There seemed to be a continuing disparity between the volume of resources committed to the United Nations by the Member States and the tasks that they asked the Organization to undertake. His delegation believed that a moderate increase in the budget in real terms was warranted, given the workload which the Member States placed on the Organization. At the Millennium Summit, world leaders had committed themselves to the United Nations Millennium Declaration, which envisaged a wide range of development goals to improve the lot of humanity. But, as the Secretary-General had pointed out, none of those goals could be achieved unless sufficient additional resources were made available. Member States would do well to heed those wise words as they worked their way through each budget fascicle.

98. For the past six years the regular budget of the United Nations had amounted to a total of about $2.5 billion and the proposed budget for the biennium 2002-2003 was no exception. Fortunately the United

Nations had been able to work within the artificial ceiling imposed by a zero nominal growth policy for the budget, partly because of favourable exchange rates and partly because it had maintained unexpectedly high vacancy rates for posts. That situation could not be realistically sustained in the long term. Member States should be prepared to take the decision to commit adequate resources to the important work of the Organization and bear in mind that they ultimately did themselves a disservice by capping the budget without due regard for the programmes and activities that the Member States themselves had mandated.

99. At the same time, the need to obtain value for money should also be borne in mind: true fiscal discipline lay in enhancing accountability and efficiencies and not in a blind adherence to a budget ceiling. There was a risk that the Member States would harm the long-term health of the Organization if they did not pay sufficient attention to ensuring that the money was well spent. There were a number of areas which, in the view of his delegation, would contribute to the common goal of increasing accountability and efficiency.

100. One important step towards that end was the preparation of the budget using results-based budgeting, as mandated by the General Assembly in resolution 55/231. While that was a welcome development, his delegation shared the concern of ACABQ that many of the indicators of achievement were described in vague terms. The Committee for Programme and Coordination had also had similar concerns when it had recommended that the General Assembly should request the Secretary-General to ensure that programme managers complied with the provisions of the medium-term plan, in particular with regard to the expected accomplishments and indicators/measurements of achievement (A/56/16, para. 37). During the deliberations of CPC on the human rights section of the proposed budget, it had been pointed out that expected accomplishments and measures of achievement either deviated, or were completely different, from those outlined in the medium-term plan. That was particularly disappointing since Member States had spent considerable time carefully working out politically acceptable language for that section during the negotiation on the medium-term plan. As results-based budgeting was being used for the first time, it was not surprising that there was some vagueness or inconsistency in the proposed budget, but his delegation expected that appropriate adjustments would be made and that the continued application of results-based budgeting in the future would ensure the attainment of the larger goal of further entrenching the culture of accountability and effective programme delivery.

101. Another major area where better value for money could be achieved in the long run was the increased usage of information and communications technologies (ICT) throughout the Organization. As the Secretary-General had pointed out earlier in the year, the creation of an electronic United Nations was a basis for increased efficiency and effectiveness. Specifically, videoconferencing could be a valuable tool in cutting down travel and associated costs and was increasingly being used to interview candidates for appointment. That was a trend that his delegation wished to encourage. The resources saved through such efficiencies could be better deployed elsewhere.

102. However, before the benefits of ICT could be reaped, resources had to be committed to it now. In that connection, his delegation shared the concern of ACABQ that it was not clear from the Secretary-General's proposal whether the $148 million requested for ICT included investments for future efficiencies or was merely the consolidation of current requirements. Pragmatic decisions about committing resources to the Organization had to be taken and ICT was one area that would benefit from immediate investments in the future. That was particularly important in view of the reductions in staff strength since the 1980s. His delegation therefore urged fellow Member States to resist the temptation to reduce the budget requested for ICT during negotiations.

103. Strengthening the Office of Internal Oversight Services (OIOS) was another means of ensuring value for money. Investigations by OIOS had served as an effective deterrent to fraud, waste and the abuse of authority throughout the Organization. The new Monitoring, Evaluation and Consulting Division would in future be responsible for carrying out four distinct functions in an integrated manner: monitoring, evaluation, consulting and inspection. In view of the significantly increased responsibilities of the Division, in both scope and substance, his delegation supported the request by OIOS for the reclassification of the post of the head of the Division from D-1 to D-2. Since 1995, OIOS had exposed waste and fraud in the Organization totalling some $200 million. Since the